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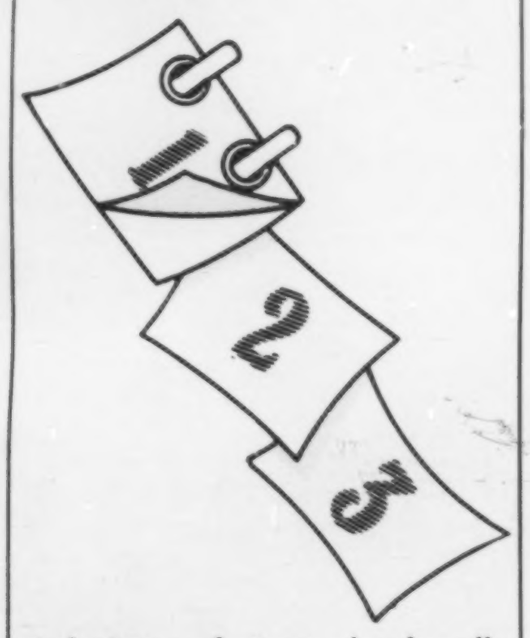
VOL. CXLIX NO. 250 Wednesday, December 19, 1984 149th Year

TODAY

American Banker Statistical Review Of 1984



Today's issue features a handy pull-out section summarizing statistics that have appeared throughout the year in the *American Banker*. The summary is for the top 100 bank holding companies as ranked by the *American Banker* on March 31.

FED DENIAL: A recent denial of an acquisition proposed by a small midwestern bank holding company points out the concern the Federal Reserve is showing about a company's financial health 1

FUTURES: Northern Trust's purchase of a minority interest in a futures brokerage should save it significant processing costs 1

SECURITY CODES: Bankers are expressing relief that a Treasury Department directive on security measures for electronic funds transfer won't be as sweeping as was once feared 1

OHIO LAW: Ohio's governor has signed a wide-ranging banking bill into law that extends the state's 25% usury ceiling for three years and lengthens the time between examinations for healthy banks 2

International Briefing 2

FEE SURVEY: A survey of accounts at 60 banks and thrifts in the San Francisco area underlined the notion that it pays to shop 2

PRIME CUT: Bankers Trust has become the second major bank to lower its prime rate, and more banks are likely to follow suit 3

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ABA CHIEF: With a selection committee 'on the fast track,' it may be only a matter of days before a new chief of staff is selected for the American Bankers Association 3

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THE BACK PAGE: For $3,500, you can buy a how-to book describing the process of opening a new bank 24

Northern's Stake in Stotler Brokerage May Boost Its Futures Capabilities

By JOHN MORRIS

CHICAGO — Purchase of a minority stake in a futures brokerage by the Northern Trust Corp. may set the pattern for the rest of the banking industry.

Futures

Through this linkage, Northern hopes to greatly enhance the capability of its own futures brokerage without spending vast sums of money developing what it can buy more cheaply elsewhere.

Northern recently said it bought a minority stake in the Stotler and Co. brokerage, and at the same time, the bank's own brokerage — Northern Futures Corp. — signed an agreement for Stotler to clear all its trades on the nation's commodity exchanges.

A major reason for the investment was that Northern will not have to develop its own clearing operation, record-keeping back office, or order entry and execution systems. "This will move us a giant step forward," said David R. Ganis, president of Northern Futures. "It is more cost-effective than developing our own, and will give us better access to more markets." Stotler is a clearing member of most major American futures exchanges.

In the past, Northern's brokerage had to pass customer orders through outside clearing members, because it was not itself a member of any of the exchanges' clearing houses, which guarantee all futures trades.

➳ Northern: Page 11

US Directive on EFT Security Is Internal

Treasury Rule on New Procedure Won't Affect Commercial Banks After All

By TOM FERRIS

NEW YORK — A U.S. Treasury Department directive requiring the use of a security procedure to safeguard the processing of computerized government transactions will not have as sweeping an impact on the banking industry as originally believed, according to bankers and federal officials familiar with the new policy.

The wording of the directive, which was adopted over the summer, and the statements of a Treasury Department official had led some bankers to think that thousands of institutions might have to install security devices by the middle of 1988 to comply with the policy.

But the government agency now says that the directive applies only to internal Treasury Department systems and will have no direct impact on commercial banks.

Concerns about the implications of the policy had prompted the American Bankers Association to appoint a task force to meet with Treasury Department officials.

"A number of institutions assumed the directive would have an impact on all their operations that deal with funds transfer," said Donald G. Miller, a vice president at the First National Bank of Chicago, who headed the nine-member task force. A recent two-day meeting with government officials "dis-

➳ Security: Page 18

Fed Continues Constraints on Acquisitions

Financial Health Important, Recent Decisions Maintain

By BART FRAUST

NEW YORK — The Federal Reserve Board continues to signal its intention to block bank acquisitions it believes will cause the financial condition of the applicant to deteriorate.

In the latest decision, the Fed this week denied an application by Midwest Bancshares Inc., a tiny bank holding company based in Poplar Bluff, Mo., to acquire the equally small Bank of Piedmont, Mo. In the decision, the Fed stated that Midwest would incur too much debt under the acquisition to merit approval.

Fed Governor Lyle E. Gramley dissented from the majority view.

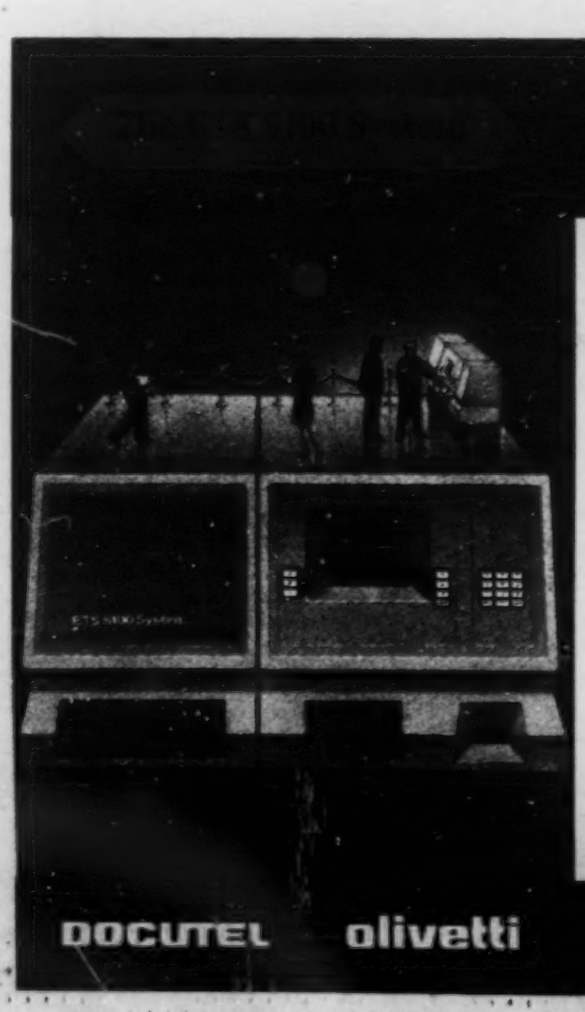
In past years, the competitive effects of a merger were the principal criteria used by the Fed in deciding whether to approve or deny an application. However, in recent months, the Fed has looked increasingly at the effects of a merger on the financial condition of the buyer — in particular focusing on how the deal will affect its minimum capital ratios.

One Fed watcher noted that he could remember only one or two instances in the last year of the Fed turning down an application on competitive grounds.

"A major change is going on," he said. "The genesis goes all the way back to Penn Square but intensified with the near-collapse of Continental Illinois."

In addition, he said, a number of bank holding companies that made

➳ Acquisitions: Page 19



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FILE FOR REFERENCE

American Banker

Statistical Review of 1984

AT A GLANCE: Who's tops?

Rank 12/31/83	Name of Company	Total Assets 12/31/83
1	Citicorp, New York	$134,655,000,000
2	BankAmerica Corp., San Francisco	121,175,689,000
3	Chase Manhattan Corp., New York	81,921,449,000
4	Manufacturers Hanover Corp., New York	64,332,000,000
5	J.P. Morgan & Co., Inc., New York	58,023,000,000
6	Chemical New York Corp.	51,164,860,000
7	First Interstate Bancorp., Los Angeles	44,422,997,000
8	Continental Illinois Corp., Chicago	42,097,371,000
9	Security Pacific Corp., Los Angeles	40,382,000,000
10	Bankers Trust New York Corp.	40,0[illegible]

American Banker Statistical Guide to the Top 100

	Total Assets		Asset Rank		Average Assets			Average Deposits			Avg. Equity Capital			Net Inc.	ROI	Income Rank	
	12/31/83	12/31/82	12/31/83	12/31/82	12/31/83	12/31/82	% Chg.	12/31/83	12/31/82	% Chg.	12/31/83	12/31/82	% Chg.	12/31/83	12/31/82	12/31/83	12/31/82
Allied Bancshares, Inc., Houston	$7,895	$6,188	38	47	$6,760	$5,463	23.8	$5,445	$4,483	21.5	$489	$407	20.0	$99	$87	22	22
AmSouth Bancorp., Birmingham, Ala.	3,637	3,255	93	96	3,355	2,986	12.4	2,565	2,226	15.2	247	22	34	32	68	68	
AmeriTrust Corp., Cleveland	5,797	5,753	58	52	5,691	5,627	1.1	4,222	4,039	4.5	662	622	6.4	51	56	43	37
American Security Corp., Washington, D.C.	3,725	3,407	90	90	3,377	3,059	10.4	2,460	2,246	9.5	244	218	11.8	31	30	77	73
BanCal Tri-State Corp., San Francisco	3,867	3,839	83	81	3,808	4,032	-5.6	2,463	2,580	-14.5	257	225	14.1	28	10	91	N.A.
Banc One Corp., Columbus, Ohio	7,270	5,029	42	62	6,153	4,511	36.4	5,020	3,498	43.5	477	355	34.2	83	62	29	34
BancOhio Corp., Columbus, Ohio	6,062	5,822	55	50	5,808	5,675	2.3	4,448	4,258	4.5	368	352	4.5	19	26	133	89
BankAmerica Corp., San Francisco	121,176	122,221	2	2	123,045	119,995	2.5	95,661	93,081	2.8	5,139	4,848	6.0	390	389	4	3
Bank of Boston Corp.	19,538	18,267	19	18	18,821	17,506	7.5	12,001	11,436	4.9	1,072	971	10.4	136	129	14	17
Bank of New England Corp., Boston (a)	5,801	5,065	57	60	5,562	4,772	16.6	4,294	3,545	21.1	303	246	23.0	37	35	62	60
Bank of New York Co., Inc.	12,797	12,724	26	24	12,699	12,244	3.7	9,174	8,925	2.8	620	534	16.1	91	74	25	29
Bank of Virginia Co., Richmond	3,850	3,353	84	92	3,424	3,005	14.0	2,491	2,232	12.0	208	181	15.0	30	24	81	102
Bankers Trust New York Corp.	40,033	40,427	10	9	38,367	37,251	3.0	21,539	23,835	-10.0	1,775	1,516	17.0	257	229	8	8
Barnett Banks of Florida, Inc., Jacksonville	9,397	5,932	30	37	8,332	6,152	35.0	7,129	4,993	43.0	446	334	30.0	82	65	30	33
BayBanks, Inc., Boston	4,639	3,710	76	84	4,164	3,521	18.3	3,576	2,939	21.7	266	243	9.3	32	33	75	66
Boatmen's Bancshares, Inc., St. Louis, Mo.	3,505	2,755	97	112	2,611	2,197	18.9	1,840	1,521	21.0	156	139	12.6	25	20	103	120
CBT Corp., Hartford, Conn.	6,072	5,070	54	59	5,220	3,559	47.0	3,728	2,490	50.0	319	212	50.0	39	32	59	67
Centerre Bancorp., St. Louis, Mo.	5,354	5,122	68	58	4,833	5,198	-7.0	3,368	3,401	-1.0	291	284	2.5	21	23	121	104
Chase Manhattan Corp., New York	81,921	80,863	3	3	79,071	77,230	2.0	53,473	55,019	-3.0	3,443	3,206	7.0	430	332	3	4
Chemical New York Corp.	51,165	48,275	6	6	48,101	44,922	7.1	22,435	21,928	2.3	2,131	1,778	22.6	306	269	6	6
Citicorp, New York	134,655	129,997	1	1	127,923	121,482	5.3	67,320	63,475	6.1	N.A.	N.A.	N.A.	860	747	1	1
Citizens & Southern Ga. Corp., Atlanta	6,934	6,005	44	48	6,228	5,258	18.0	4,155	3,630	14.0	398	355	12.0	58	51	37	40
Comerica, Inc., Detroit	8,555	7,378	34	33	7,539	6,423	17.4	6,178	5,087	21.4	418	388	18.2	49	42	46	52
Commerce Bancshares, Inc. Kansas City	3,477	3,343	100	93	3,209	3,035	5.7	2,549	2,315	10.1	291	257	13.3	35	31	64	69
Continental Illinois Corp., Chicago	42,097	42,899	8	7	40,268	45,662	-11.8	26,747	28,225	-5.23	1,722	1,721	0.1	101	84	19	23
CoreStates Financial Corp., Philadelphia	8,587	6,301	33	44	7,995	6,275	27.4	5,579	4,129	35.1	518	412	25.7	85	61	26	35
Crocker National Corp., San Francisco	23,393	24,939	14	12	24,865	23,607	5.3	17,648	17,480	1.0	1,290	1,163	11.0	-10	71	N.A.	31
Dominion Bankshares Corp., Roanoke, Va.	3,826	3,225	85	98	3,274	2,946	11.1	2,539	2,317	9.6	214	203	5.5	25	22	106	107
European American Bancorp., New York	8,713	8,325	32	30	8,534	8,415	1.4	5,871	6,280	-6.5	381	345	10.5	19	29	127	78
Fidelcor Inc., Philadelphia	5,662	4,120	63	75	4,675	3,683	26.9	3,437	2,592	32.6	269	235	14.3	47	28	50	79
Fidelity Union Bancorp., Newark, N.J. (b)	3,766	3,409	86	89	3,418	3,079	11.0	1,935	1,610	20.2	207	210	-1.8	21	13	122	174
First of America Bank Corp., Kalamazoo	4,109	3,820	80	82	3,882	3,683	5.4	3,385	3,157	7.2	174	157	10.3	26	20	96	122
First American Banksh. Inc., Washington	3,753	2,657	87	116	2,931	2,418	21.3	2,418	1,966	23.0	201	168	20.0	27	21	93	116
First American Corp., Nashville, Tenn.	3,497	2,587	98	117	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	26	19	97	134
First Atlanta Corp.	5,762	4,480	59	72	4,805	3,820	25.8	3,193	2,498	27.9	290	247	17.4	52	43	40	49
First Bank System, Inc., Minneapolis	20,871	16,899	17	22	18,048	15,831	14.0	11,892	11,268	5.5	1,070	967	10.7	130	116	16	18
First Chicago Corp.	36,323	35,876	11	11	34,543	34,733	-0.5	23,395	24,662	5.1	1,649	1,521	8.4	184	144	11	13
First City Bancorp. of Texas, Inc., Houston	17,263	16,567	23	23	15,425	13,810	12.0	11,648	10,589	10.0	1,019	892	14.0	50	133	44	16
First Interstate Bancorp., Los Angeles	44,423	40,884	7	8	40,680	38,078	6.8	30,123	28,342	6.3	2,218	1,972	12.4	247	228	9	9
First Maryland Bancorp., Baltimore	3,655	3,447	92	88	3,564	3,168	12.5	2,373	2,221	6.4	210	195	8.0	19	25	126	97
First National State Bancorp., Newark, N.J.	6,417	4,868	50	64	5,225	4,142	26.1	4,082	3,126	30.5	286	240	19.2	47	35	48	62
First Pennsylvania Corp., Philadelphia	5,152	5,433	70	54	5,090	5,165	1.5	3,355	3,294	1.9	179	205	-12.7	-16	-19	N.A.	N.A.
First Security Corp., Salt Lake City, Utah	4,944	4,609	72	69	4,590	4,098	12.0	3,340	2,944	13.4	376	326	15.4	21	44	118	44
First Tennessee National Corp., Memphis	4,617	3,392	77	91	4,209	3,318	26.8	3,262	2,446	33.3	219	205	6.9	30	31	80	70
First Union Corp., Charlotte, N.C.	6,803	6,168	46	46	5,634	5,040	11.8	3,367	3,141	7.2	372	297	25.3	59	50	35	42
First Wisconsin Corp., Milwaukee	5,062	4,836	71	66	4,800	4,751	1.0	3,459	3,422	1.1	294	268	8.9	34	30	67	74
Flagship Banks, Inc., Miami, Fla. (c)	3,535	3,095	96	102	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	13	27	N.A.	85
Fleet Financial Group, Inc., Providence, R.I.	5,736	4,536	62	70	4,633	3,940	18.0	2,914	2,570	13.0	311	249	25.0	52	40	41	54
Florida National Banks of Fla., Jacksonville	3,550	3,498	95	87	3,299	2,808	17.5	2,643	2,178	21.4	243	242	0.2	43	22	53	111
Harris Bankcorp., Inc., Chicago	7,425	7,137	41	36	7,613	7,392	3.0	4,828	4,833	-0.1	390	369	5.7	31	40	78	53
Hartford National Corp., Conn.	4,676	4,128	75	74	4,024	3,507	15.0	3,181	2,738	16.0	232	200	16.0	38	25	61	101
Huntington Bancshares, Inc., Columbus	5,426	5,245	65	57	5,221	3,658	42.7	3,966	2,668	48.7	275	217	26.7	25	29	107	77
InterFirst Corp., Dallas	21,736	21,030	16	14	20,806	19,075	9.1	11,805	10,822	9.1	1,355	1,171	15.7	-171	223	N.A.	10
Irving Bank Corp., New York	18,586	19,514	22	17	19,227	19,086	0.7	13,084	13,914	-6.0	856	812	5.5	92	83	23	24
Key Banks, Inc., Albany, N.Y.	3,492	2,795	99	109	3,131	2,544	23.1	2,610	2,087	25.1	230	209	10.0	33	26	69	92
Lincoln First Banks, Inc., Rochester, N.Y. (d)	4,179	3,892	79	79	3,981	3,622	9.9	3,026	2,734	10.7	235	216	8.9	26	28	98	81
Manufacturers Hanover Corp., New York	64,332	64,041	4	4	61,466	59,195	3.8	39,645	40,487	-2.1	N.A.	N.A.	N.A.	337	296	5	5
Manufacturers National Corp., Detroit	5,807	5,284	56	56	5,412	5,122	5.7	4,254	4,048	5.1	318	290	9.7	35	12	65	N.A.
Marine Midland Banks, Inc., Buffalo, N.Y.	22,872	20,239	15	16	21,113	19,439	8.6	15,440	14,994	3.0	1,061	977	8.6	101	88	20	21
Maryland National Corp., Baltimore	5,740	5,055	61	61	4,998	4,410	13.3	3,181	2,823	12.7	349	314	11.0	39	42	57	51
Mellon National Corp., Pittsburgh	26,433	20,294	13	15	24,232	19,539	24.0	14,579	12,280	18.7	1,473	1,172	25.7	184	143	10	14
Mercantile Bancorp., Inc., St. Louis, Mo.	5,508	5,691	64	53	5,065	5,039	0.5	3,554	3,375	5.3	321	294	9.1	42	43	54	50
Mercantile Texas Corp., Dallas	11,884	10,190	28	27	10,410	8,937	16.5	7,715	6,382	20.9	684	589	16.1	100	103	21	20
Meridian Bancorp., Inc., Reading (†)	3,728	3,451	88	88	3,620	3,150	14.9	2,989	2,550	17.2	275	249	10.5	32	31	73	N.A.
Michigan National Corp., Bloomfield Hills	6,894	6,504	45	43	6,654	6,246	6.5	5,658	5,221	8.4	387	381	1.6	16	3	150	N.A.
Midlantic Banks, Inc., Edison, N.J.	6,413	4,339	51	73	5,001	3,944	26.8	4,019	3,075	30.7	281	231	21.8	49	39	45	56
J.P. Morgan & Co., Inc., New York	58,023	58,597	5	5	57,882	56,766	2.0	37,159	36,346	2.2	3,323	2,861	16.1	460	442	2	2
NBD Bancorp., Inc., Detroit	13,245	12,407	24	25	11,939	12,087	-1.2	8,422	8,671	-2.9	773	723	6.9	82	77	31	26
NCNB Corp., Charlotte, N.C.	12,808	11,560	25	26	11,560	8,435	37.1	7,973	5,725	39.3	564	480	17.6	92	77	24	27
National City Corp., Cleveland	6,586	6,823	47	40	6,247	5,739	8.9	4,315	3,874	11.4	406	385	5.5	48	47	47	43
Natwest Holdings, Inc., New York	7,471	6,807	40	41	6,958	6,631	5.0	5,490	5,364	2.0	439	404	9.0	25	21	104	117
Norstar Bancorp., Inc., Albany, N.Y.	5,351	3,653	69	85	4,602	3,442	33.7	3,812	2,818	35.3	409	292	40.1	58	44	36	46
Northern Trust Corp., Chicago	6,438	6,253	49	45	6,429	6,602	-3.0	4,361	4,466	-2.0	342	329	4.0	18	34	135	63
Norwest Corp., Minneapolis	19,854	17,585	18	20	18,593	15,709	18.4	12,538	11,338	10.6	1,108	1,003	10.5	125	114	17	19
Old Kent Financial Corp., Grand Rapids	3,706	2,353	91	132	3,246	2,278	42.5	2,809	1,892	48.5	203	179	13.6	32	22	71	108
PNC Financial Corp., Pittsburgh	12,245	11,611	27	26†	11,420	10,455	9.2	6,953	6,612	5.2	806	723	11.5	117	116	18	N.A.
Rainier Bancorp., Seattle	6,413	5,865	52	49	5,954	5,671	5.0	4,467	4,240	5.0	374	343	9.0	47	39	49	55
Republic New York Corp.	10,119	9,280	29	29	9,391	9,297	1.0	6,478	6,388	1.0	478	355	35.0	85	75	27	28
RepublicBank Corp., Dallas	19,082	17,218	21	21	17,445	16,024	8.9	12,371	11,094	11.5	1,038	916	13.3	130	157	15	12
Riggs National Corp., Washington, D.C.	4,766	3,718	74	83	3,863	3,475	11.2	3,158	2,879	9.7	208	214	7.7	23	21	111	113
Security Pacific Corp., Los Angeles	40,382	36,991	9	10	37,013	34,741	7	25,891	24,145	7	1,639	1,391	18	264	234	7	7
Shawmut Corp., Boston	5,755	5,376	60	55	5,288	4,971	6.0	3,861	3,582	8.0	326	298	9.0	33	35	70	81
Society Corp., Cleveland	4,283	3,911	78	78	3,952	4,009	-1.4	3,609	2,936	22.9	282	259	8.9	29	29	86	75
Southeast Banking Corp., Miami, Fla.	8,884	7,274	31	34	8,100	6,815	19.0	6,337	5,125	24.0	456	405	13.0	55	53	38	38
Southwest Bancshares, Inc., Houston (e)	7,989	6,927	37	38	7,005	6,626	11.8	5,813	5,076	14.5	451	415	8.8	40	67	55	32
Sovran Financial Corp., Norfolk, Va.	7,187	3,874	43	80	6,691	5,969	12.1	5,406	4,670	15.8	390	386	1.1	66	33	33	65
State Street Boston Corp., Boston	4,044	3,915	81	77	3,975	3,535	12.5	2,457	2,218	10.8	253	204	24.0	38	36	60	59
Sun Banks, Inc., Orlando, Fla.	6,161	5,004	53	63	5,425	4,332	25.2	4,525	3,565	26.9	342	282	21.1	46	39	51	57
Texas American Bankshares, Inc., Ft. Worth	5,409	4,717	67	68	4,895	4,418	10.8	3,803	3,301	15.2	334	301	11.1	35	44	63	47
Texas Commerce Bancshares, Inc., Houston	19,499	18,200	20	19	16,251	N.A.	N.A.	11,504	N.A.	N.A.	1,070	N.A.	N.A.	177	170	12	11
Third National Corp., Nashville, Tenn.	3,725	3,135	89	100	3,440	2,918	17.9	2,713	2,212	22.6	237	187	27.2	32	27	72	83
Trust Co. of Georgia, Atlanta	4,850	4,511	73	71	4,629	3,986	16.1	3,301	2,754	19.9	297	245	21.4	73	57	32	36
U.S. Bancorp., Portland, Ore.	6,511	5,756	48	51	5,936	5,629	5.5	4,254	3,859	10.2	467	436	7.1	52	52	39	39
Union Bancorp., Los Angeles	8,067	7,690	36	31	7,322	7,258	1.0	5,173	5,032	3.0	401	379	8.0	39	31	58	71
United Banks of Colorado, Inc., Denver	3,868	3,522	82	86	3,253	3,228	9.0	2,688	2,296	17.0	233	216	8.0	26	24	95	103
United Jersey Banks, Princeton, N.J.	3,635	3,232	94	97	3,360	2,828	18.8	2,762	2,171	27.2	198	160	24.0	24	20	110	123
United Virginia Bankshares, Inc., Richmond	5,415	4,848	66	65	5,009	4,222	19.0	3,533	3,003	18.0	302	259	17.0	52	44	42	45
Valley National Corp., Phoenix, Ariz.	8,146	7,183	35	35	7,201	6,511	10.6	5,902	5,207	13.3	424	393	7.9	46	51	52	41
Wachovia Corp., Winston-Salem, N.C.	7,850	6,916	39	39	7,057	6,464	9.2	5,196	4,573	13.6	511	452	13.1	85	78	28	25
Wells Fargo & Co., San Francisco	27,018	24,814	12	13	25,438	24,818	2.5	18,840	17,474	7.8	1,337	1,221	9.5	155	142	13	15

(†) — Began operations as a holding company in 1983. Data for 1982 are pro forma. (a) — Acquired by CBT Corp., Hartford, Conn. (b) — Acquired by First National State Bancorp., Newark, N.J.

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Bank Holding Companies in the U.S. (Listed Alphabetically)

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Return on Assets 12/31/83	Return on Assets 12/31/82	Return on Equity 12/31/83	Return on Equity 12/31/82	EPS % Chg. 12/31/83	Market/Book Ratio 12/31/83	Market/Book Ratio 12/31/82	Discr. Assets 12/31/83	Asset Rank 12/31/83	Gross Trust Inc. 12/31/83	Gross Trust Inc. 12/31/82	Trust Inc. Rank 12/31/83	Trust Inc. Rank 12/31/82	Number of Offices 12/31/83	Number of Offices 12/31/82	Foreign Offices 12/31/83	Foreign Offices 12/31/82	Banks Controlled 12/31/83	Banks Controlled 12/31/82	
1.46	1.64	23.32	25.57	15.4	201.62	200.65	$N.A.	N.A.	$N.A.	$N.A.	N.A.	N.A.	N.A.	47	N.A.	0	47	48	Allied Bancshares, Inc., Houston
1.00	1.07	13.60	13.83	7.5	7.5%	91.99	2,853	59	12.9	N.A.	67	N.A.	116	24	0	0	2	21	AmSouth Bancorp., Birmingham, Ala.
0.90	1.00	10.83	9.63	-9.3	69.65	51.95	8,004	24	35.2	N.A.	28	N.A.	117	126	1	0	N.A.	1	AmeriTrust Corp., Cleveland
0.93	0.98	14.30	15.28	7.3	98.64	N.A.	2,889	58	10.8	9.4	79	80	39	40	2	2	1	1	American Security Corp., Washington, D.C.
0.73	0.24	10.80	5.07	249.2	103.67	N.A.	2,206	70	22.9	19.7	44	38	N.A.	54	N.A.	10	1	20	BanCal Tri-State Corp., San Francisco
1.35	1.38	17.95	18.95	17.0	198.17	180.84	2,448	67	17.8	N.A.	51	N.A.	319	206	0	0	22	23	Banc One Corp., Columbus, Ohio
0.32	0.46	5.04	6.87	-39.0	71.79	42.93	2,357	68	N.A.	N.A.	N.A.	N.A.	242	273	1	1	2	2	BancOhio Corp., Columbus, Ohio
0.32	0.32	7.63	9.20	-16.2	78.80	67.74	8,687	22	88.3	70.5	8	7	1,348	1,562	92	244	2	1	BankAmerica Corp., San Francisco
0.72	0.74	14.44	15.26	10.9	76.04	77.00	6,655	28	59.5	N.A.	17	N.A.	278	264	116	107	9	11	Bank of Boston Corp.
0.66	0.74	14.23	16.77	-3.7	86.57	87.10	6,854	26	34.3.	N.A.	29	N.A.	119	36	3	3	12	12	Bank of New England Corp., Boston
0.71	0.61	15.43	15.53	14.5	85.78	69.77	7,389	25	144.9	N.A.	2	N.A.	201	189	3	4	2	2	Bank of New York Co., Inc.
0.88	0.80	14.49	14.00	34.6	111.86	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	133	134	6	7	1	3	Bank of Virginia Co., Richmond
0.66	0.61	15.69	15.78	2.5	90.43	75.21	37,602	1	117.5	N.A.	5	N.A.	108	97	52	54	2	3	Bankers Trust New York Corp.
0.98	1.05	17.94	17.53	33.2	139.79	121.96	1,456	98	11.6	N.A.	72	N.A.	308	201	0	0	31	23	Barnett Banks of Florida, Inc., Jacksonville
0.77	0.94	13.00	14.76	-4.7	96.27	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	208	N.A.	0	8	10	BayBanks, Inc., Boston
0.97	0.94	16.26	16.44	4.5	113.50	N.A.	4,881	39	9.3	N.A.	92	N.A.	N.A.	N.A.	N.A.	N.A.	19	17	Boatmen's Bancshares, Inc., St. Louis, Mo.
0.74	0.90	13.59	17.23	-17.0	82.89	88.54	3,307	50	19.9	17.5	47	44	159	155	2	3	1	1	CBT Corp., Hartford, Conn.
0.43	0.45	7.16	8.20	-10.2	66.61	48.94	6,504	30	27.8	25.1	34	27	28	68	2	2	22	22	Centerre Bancorp., St. Louis, Mo.
0.54	0.43	13.10	10.60	41.8	59.08	50.65	17,335	6	119.6	103.1	4	4	410	641	151	160	N.A.	2	Chase Manhattan Corp., New York
0.64	0.60	15.06	15.31	13.0	76.98	66.55	15,505	8	75.3	67.3	10	10	455	438	107	94	2	2	Chemical New York Corp.
0.67	0.61	16.50	16.40	15.7	90.50	90.83	35,991	3	139.8	N.A.	3	N.A.	2,025	1,903	1,031	941	N.A.	2	Citicorp, New York
0.93	0.98	16.51	16.82	13.9	129.95	100.36	2,721	60	14.6	N.A.	61	N.A.	214	200	6	6	6	13	Citizens & Southern Ga. Corp., Atlanta
0.65	0.66	11.64	11.83	18.0	79.86	60.31	4,497	40	24.9	N.A.	40	N.A.	151	32	6	5	17	17	Comerica, Inc., Detroit
1.09	1.03	13.14	13.54	3.5	N.A.	N.A.	912	N.A.	5	N.A.	N.A.	N.A.	98	86	1	1	44	39	Commerce Bancshares, Inc. Kansas City
0.26	0.18	6.13	4.90	34.9	48.99	50.53	10,865	15	62.4	60.4	16	11	N.A.	99	N.A.	41	3	1	Continental Illinois Corp., Chicago
1.00	0.96	17.28	16.32	17.3	99.49	71.38	3,946	47	13.5	8.2	65	94	266	180	20	15	3	2	CoreStates Financial Corp., Philadelphia
-0.05	0.30	-0.81	6.11	-117.4	48.25	48.08	11,165	14	48.9	41.1	23	19	N.A.	393	N.A.	15	1	1	Crocker National Corp., San Francisco
0.75	0.76	11.47	12.30	39.7	108.80	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	161	157	0	0	10	11	Dominion Bankshares Corp., Roanoke, Va.
0.23	0.34	5.05	8.39	-36.8	N/A	N/A	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	104	110	4	8	N.A.	1	European American Bancorp., New York
0.73	0.77	14.69	14.43	60.7	84.51	N.A.	3,246	51	19.3	17.5	49	44	110	74	2	2	2	1	Fidelcor, Inc., Philadelphia
0.61	0.41	10.07	5.99	84.09	96.77	N.A.	1,978	82	13.7	N.A.	63	N.A.	123	116	3	1	3	3	Fidelity Union Bancorp., Newark, N.J.
0.67	0.56	15.22	13.76	23.0	87.35	N.A.	1,272	N.A.	8	N.A.	N.A.	N.A.	210	212	1	1	28	28	First of America Bank Corp., Kalamazoo
0.93	1.03	13.55	12.58	29.8	N/A	N/A	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	178	N.A.	1	N.A.	7	12	First American Banksh. Inc., Washington
0.80	0.80	13.97	13.40	20.0	91.38	N.A.	3,497	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	10	10	First American Corp., Nashville, Tenn.
1.09	1.13	19.50	19.86	23.2	155.38	N.A.	2,508	65	10.6	N.A.	80	N.A.	109	237	2	2	3	3	First Atlanta Corp.
0.72	0.73	13.30	13.20	10.4	80.11	65.03	9,339	19	50.7	N.A.	21	N.A.	169	184	5	4	80	93	First Bank System, Inc., Minneapolis
0.53	0.41	11.37	10.73	65.4	70.20	57.38	9,049	21	53.9	47.6	20	15	92	76	65	53	1	1	First Chicago Corp.
0.32	0.96	5.44	16.43	-65.1	83.47	83.66	4,368	42	27.5	N.A.	36	N.A.	71	73	5	5	65	60	First City Bancorp. of Texas, Inc., Houston
0.61	0.60	13.02	13.55	7.7	89.62	73.84	11,855	13	67.7	N.A.	13	N.A.	976	1,009	29	33	22	22	First Interstate Bancorp., Los Angeles
0.54	0.79	9.15	14.49	-23.8	60.22	N.A.	990	N.A.	5	N.A.	N.A.	N.A.	192	158	3	2	2	2	First Maryland Bancorp., Baltimore
0.91	0.84	15.71	15.77	10.5	88.34	N.A.	1,279	N.A.	7	N.A.	N.A.	N.A.	204	171	3	3	6	6	First National State Bancorp., Newark, N.J.
-0.31	-0.36	-8.75	-9.15	N/A	76.03	42.34	3,774	48	23.3	18.4	43	42	76	87	10	6	1	1	First Pennsylvania Corp., Philadelphia
0.46	1.08	5.64	14.42	-58.0	78.87	N.A.	1,103	N.A.	6	N.A.	N.A.	N.A.	236	192	0	0	N.A.	4	First Security Corp., Salt Lake City, Utah
0.72	0.94	13.81	15.23	2.2	102.05	N.A.	1,542	95	N.A.	N.A.	N.A.	N.A.	N.A.	133	N.A.	0	16	14	First Tennessee National Corp., Memphis
0.98	0.99	18.07	19.26	25.1	128.21	94.64	2,573	63	9.7	8.1	89	95	379	312	4	4	1	1	First Union Corp., Charlotte, N.C.
0.70	0.63	12.33	12.59	10.2	69.53	N.A.	4,111	44	21.1	N.A.	45	N.A.	71	73	10	7	19	18	First Wisconsin Corp., Milwaukee
N.A.	0.94	N.A.	13.90	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	28	27	Flagship Banks, Inc., Miami, Fla.
1.12	1.00	17.89	18.52	9.9	120.78	N.A.	2,022	78	N.A.	N.A.	N.A.	N.A.	304	208	4	6	1	1	Fleet Financial Group, Inc., Providence, R.I.
0.90	0.77	12.18	8.81	53.9	115.70	N.A.	762	N.A.	7	N.A.	N.A.	N.A.	185	107	0	0	.	25	Florida National Banks of Fla., Jacksonville
0.41	0.54	8.02	10.87	-13.1	119.64	54.14	14,312	11	50.1	42.1	22	17	23	20	6	6	4	3	Harris Bankcorp., Inc., Chicago
0.95	0.71	16.34	14.14	29.0	109.95	N.A.	3,949	46	23.9	22.6	42	32	128	120	1	0	1	N.A.	Hartford National Corp., Conn.
0.47	0.80	9.12	14.81	-36.3	94.05	65.68	1,400	N.A.	11.0	N.A.	76	N.A.	190	193	2	3	4	5	Huntington Bancshares, Inc., Columbus
N.A.	1.17	N.A.	21.50	-174.2	92.14	103.91	9,239	20	47	N.A.	24	N.A.	89	65	10	8	51	49	InterFirst Corp., Dallas
0.48	0.43	11.92	12.18	6.5	68.31	55.65	4,952	36	38.6	N.A.	26	N.A.	202	174	38	21	N.A.	14	Irving Bank Corp., New York
1.06	1.02	14.44	13.49	1.0	99.97	N.A.	860	N.A.	6	N.A.	N.A.	N.A.	218	N.A.	0	N.A.	N.A.	6	Key Banks, Inc., Albany, N.Y.
0.65	0.78	12.16	14.32	8.2	98.77	N.A.	3,014	55	16.9	15.1	56	52	152	154	1	1	1	1	Lincoln First Banks, Inc., Rochester, N.Y.
0.55	0.50	13.42	13.51	7.6	63.22	62.85	27,497	4	91.7	N.A.	6	N.A.	251	822	103	100	N.A.	3	Manufacturers Hanover Corp., New York
0.64	0.24	12.14	4.70	47.3	65.21	50.32	4,884	38	16.7	N.A.	57	N.A.	158	155	5	5	9	9	Manufacturers National Corp., Detroit
0.48	0.45	10.17	10.39	6.8	50.92	48.90	3,675	49	25.8	33.0	39	21	323	338	24	25	N.A.	1	Marine Midland Banks, Inc., Buffalo, N.Y.
0.77	0.96	12.38	15.09	-8.2	83.61	64.12	725	N.A.	8	N.A.	N.A.	N.A.	209	230	6	6	2	2	Maryland National Corp., Baltimore
0.74	0.73	14.30	14.02	8.9	87.60	74.28	14,559	9	73.8	36.6	11	20	440	279	20	15	4	1	Mellon National Corp., Pittsburgh
0.82	0.85	12.93	14.53	-2.0	71.84	62.26	4,478	41	16.9	N.A.	55	N.A.	83	70	2	2	43	33	Mercantile Bancorp., Inc., St. Louis, Mo.
0.96	1.16	16.82	20.19	-3.6	98.13	123.00	1,390	N.A.	15.0	N.A.	60	N.A.	N.A.	28	N.A.	1	29	26	Mercantile Texas Corp., Dallas
0.89	1.01	13.22	14.20	0.2	83.38	N.A.	1,201	N.A.	7	N.A.	N.A.	N.A.	123	N.A.	1	N.A.	2	N.A.	Meridian Bancorp., Inc., Reading
0.24	0.05	4.11	0.75	353.3	61.64	47.95	799	N.A.	6	N.A.	N.A.	N.A.	389	395	3	3	26	26	Michigan National Corp., Bloomfield Hills
0.98	0.99	17.38	16.95	3.6	112.13	N.A.	2,179	71	9.9	N.A.	85	N.A.	206	153	4	4	7	7	Midlantic Banks, Inc., Edison, N.J.
0.79	0.78	15.29	17.40	10.4	101.78	94.80	37,543	2	218.2	N.A.	1	N.A.	65	74	46	44	2	2	J.P. Morgan & Co., Inc., New York
0.68	0.64	10.57	10.70	0.9	62.85	50.27	6,690	27	32.0	N.A.	30	N.A.	239	235	11	7	17	17	NBD Bancorp., Inc., Detroit
0.80	0.91	16.34	16.05	15.7	117.83	87.70	4,033	45	27.1	19	38	41	520	504	16	14	2	4	NCNB Corp., Charlotte, N.C.
0.77	0.81	11.84	12.11	13.6	76.17	59.71	6,152	33	27.9	N.A.	33	N.A.	171	161	2	1	12	13	National City Corp., Cleveland
0.36	0.32	5.77	5.79	44.7	N/A	N/A	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	172	167	4	5	1	1	Natwest Holdings, Inc., New York
1.27	1.27	14.25	15.99	0.6	114.91	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	279	191	0	0	12	9	Norstar Bancorp., Inc., Albany, N.Y.
0.29	0.49	5.36	8.80	-44.0	86.06	64.22	15,529	7	88.8	73	7	7	16	18	3	3	N.A.	1	Northern Trust Corp., Chicago
0.67	0.73	11.50	11.99	31.5	86.64	70.90	6,241	32	40.0	N.A.	25	N.A.	358	311	6	6	86	86	Norwest Corp., Minneapolis
1.00	0.99	15.96	13.53	25.3	91.84	N.A.	1,717	89	8.9	N.A.	98	N.A.	181	N.A.	1	N.A.	23	13	Old Kent Financial Corp., Grand Rapids
1.02	1.11	16.14	17.74	11.2	117.52	114.34	24,009	5	65.9	N.A.	14	N.A.	239	252	8	6	4	N.A.	PNC Financial Corp., Pittsburgh
0.79	0.69	12.62	11.42	18.9	96.41	72.29	1,513	97	11.1	9.9	75	75	211	209	15	15	2	1	Rainier Bancorp., Seattle
0.90	0.81	16.23	20.14	4.0	108.76	135.16	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	56	55	19	16	1	1	Republic New York Corp.
0.75	0.98	13.80	18.60	-10.5	85.31	110.42	6,269	31	38.3	N.A.	27	N.A.	57	25	10	12	37	35	RepublicBank Corp., Dallas
0.51	0.62	9.38	10.85	15.0	96.77	N.A.	1,743	86	10.1	8.6	83	86	34	33	2	2	1	1	Riggs National Corp., Washington, D.C.
0.71	0.67	16.12	16.80	10.7	102.81	76.76	5,859	34	57.0	47.6	18	14	674	680	23	29	1	1	Security Pacific Corp., Los Angeles
0.62	0.71	11.68	13.69	-0.6	82.50	72.24	2,701	61	17.6	N.A.	52	N.A.	N.A.	176	N.A.	1	12	13	Shawmut Corp., Boston
0.74	0.73	11.41	12.50	8.6	74.93	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	159	157	2	1	11	12	Society Corp., Cleveland
0.67	0.72	11.96	12.04	-0.7	95.69	83.38	1,367	N.A.	11.9	10.5	71	70	178	8	4	2	8	1	Southeast Banking Corp., Miami, Fla.
0.57	1.09	9.80	18.30	-41.5	97.48	90.00	1,202	N.A.	10.3	N.A.	82	N.A.	44	45	3	3	37	33	Southwest Bancshares, Inc., Houston
0.98	0.99	16.81	17.39	11.1	122.46	N.A.	3,153	54	20.8	6.7	46	111	120	N.A.	1	N.A.	1	1	Sovran Financial Corp., Norfolk, Va.
0.97	1.02	18.30	20.20	-24.3	106.94	N.A.	9,645	18	76.4	N.A.	9	N.A.	26	56	4	5	2	3	State Street Boston Corp., Boston
0.85	0.89	13.60	14.90	15.8	115.33	107.45	N.A.	N.A.	12	N.A.	N.A.	N.A.	313	167	0	2	34	16	Sun Banks, Inc., Orlando, Fla.
0.71	1.02	11.58	16.38	-22.1	116.50	N.A.	2,552	64	12.7	N.A.	69	N.A.	32	27	1	1	27	22	Texas American Bankshares, Inc., Ft. Worth
1.09	1.15	18.76	21.32	3.0	141.05	137.26	5,214	35	28.0	N.A.	32	N.A.	91	80	9	10	N.A.	58	Texas Commerce Bancshares, Inc., Houston
0.94	0.93	15.42	14.58	18.6	95.57	N.A.	2,046	77	11.1	N.A.	74	N.A.	136	99	1	1	11	10	Third Naticnal Corp., Nashville, Tenn.
1.58	1.50	24.38	24.66	28.8	217.07	N.A.	4,909	37	24.0	N.A.	41	N.A.	185	145	1	1	18	19	Trust Co. of Georgia, Atlanta
0.88	0.92	11.21	11.95	0.7	86.97	74.40	1,418	100	12.7	N.A.	68	N.A.	35	246	2	1	N.A.	7	U.S. Bancorp., Portland, Ore.
0.51	0.44	10.72	9.14	24.6	N/A	N/A	840	N.A.	15.1	12.2	59	63	58	74	1	10	1	1	Union Bancorp., Los Angeles
0.75	0.74	11.35	12.30	9.6	75.96	71.43	2,060	76	9.4	N.A.	91	N.A.	35	32	1	1	N.A.	26	United Banks of Colorado, Inc., Denver
0.71	0.72	12.03	14.60	15.1	113.59	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	122	124	1	1	N.A.	8	United Jersey Banks, Princeton, N.J.
1.03	1.05	16.70	17.08	17.2	111.02	N.A.	2,592	62	17.5	12.3	53	61	201	222	1	1	N.A.	1	United Virginia Bankshares, Inc., Richmond
0.64	0.78	10.81	12.99	-9.3	100.27	73.86	2,153	73	12.6	9.5	70	79	N.A.	231	N.A.	1	1	1	Valley National Corp., Phoenix, Ariz.
1.20	1.20	18.41	18.90	58.0	146.57	115.41	4,121	43	30.0	25.6	31	26	211	203	2	2	N.A.	1	Wachovia Corp., Winston-Salem, N.C.
0.61	0.57	12.51	13.39	3.8	82.69	57.38	14,493	10	56.4	45.6	19	16	466	483	23	29	1	1	Wells Fargo & Co., San Francisco

(c) — Acquired by Sun Banks, Inc., Orlando, Fla. (d) — Acquired by Chase Manhattan Corp., New York. (e) — Acquired by Mercantile Texas Corp., Dallas.

Top Banking Companies By Income *

Rank 1984	Name of Institution	Net Income 1984	Net Income 1983	Percent Change
1	Citicorp	860	747	+15.1
2	J.P. Morgan & Co., Inc.	460	442	+ 4.1
3	Chase Manhattan Corp.	430	332	+29.5
4	BankAmerica Corp.	390	380	+ 2.6
5	Manufacturers Hanover Corp.	337	296	+13.9

*—Dollar amounts in millions

Top Banking Companies By Assets *

Rank 1984	Name of Institution	Assets 1984	Assets 1983	Percent Change
1	Citicorp	134.7	130.0	+ 3.6
2	BankAmerica Corp.	121.2	122.2	- 0.9
3	Chase Manhattan Corp.	81.9	80.9	+ 1.3
4	Manufacturers Hanover Corp.	64.3	64.0	+0.5
5	J.P. Morgan & Co.	58.0	58.6	- 1.0

*—Dollar amounts in billions.

Top Banking Companies By R.O.E.

Rank 1984	Name of Institution	R.O.E.(%) 1984	R.O.E.(%) 1983	Basis Pt. Change
1	Trust Co. of Georgia	24.38	24.66	- 0.28
2	Allied Bancshares, Inc.	23.22	25.57	- 2.35
3	First Atlanta Corp.	19.50	19.86	- 0.36
4	Wachovia Corp.	18.41	18.90	-0.49
5	State Street Boston Corp.	18.30	20.20	- 1.90

Top Banking Companies By Trust Income*

Rank 1984	Name of Institution	Income 1984	Disc Asts 1984	# Trust Subs.
1	J.P. Morgan & Co., Inc.	218	37.5	6
2	Bank of New York Co., Inc.	145	7.4	7
3	Citicorp	140	36.0	7
4	Chase Manhattan Corp.	120	17.3	6
5	Bankers Trust New York Corp.	118	37.6	6

*—Dollar amounts in millions.

Top Banking Companies By R.O.A.

Rank 1984	Name of Institution	R.O.A.(%) 1984	R.O.A.(%) 1983	Basis Pt. Change
1	Trust Co. of Georgia	1.58	1.50	+ 0.08
2	Allied Bancshares, Inc.	1.46	1.64	- 0.18
3	Norstar Bancorp., Inc.	1.27	1.27	...
4	Wachovia Corp.	1.20	1.20	...
5	First Atlanta Corp.	1.09	1.13	- 0.04
	Texas Commerce Bancshares, Inc.	1.09	1.15	-0.06

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American Banker

The Daily Financial Services Newspaper

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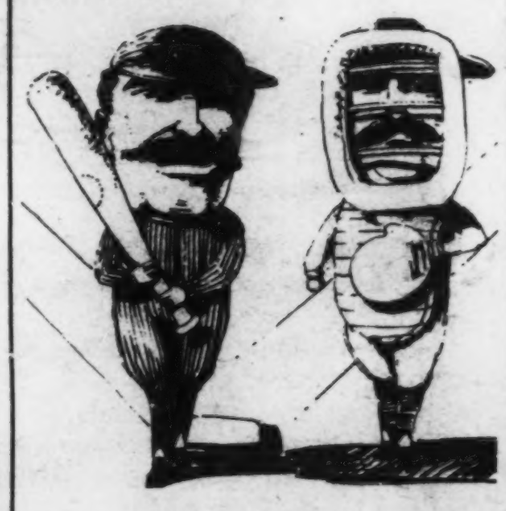
TODAY

The Financial Services Scene: An American Banker Scorecard



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New Financial Services Scorecard Shows Who's on First

By LAURA GROSS

NEW YORK — Walter Wriston, in describing the fast-changing financial services world, is fond of saying, "It's getting so you can't tell the players — even with a scorecard."

But a scorecard is precisely what the *American Banker* is publishing today.

In an attempt to show just how 30 of the largest bank, thrift, and nonbank firms are competing in each other's businesses, today's centerfold contains a tabulation called "The Financial Services Scene: An American Banker Scorecard."

It compares by numerical breakdown what these competitors were doing in 33 categories — 19 of them lines of business — on Dec. 31, 1983, the latest date for which comparable statistics were readily available.

This is the first time financial data have been collected to show the depth of bank and thrift involvement in traditional nonbanking businesses and nonbank involvement in banking and thrift businesses.

Conducting such an exercise yields some surprises. American Express Co. and Prudential Insurance Company of America, for example, might be voted the best all-around players if this were an All-Star game. These giant conglomerates appear to be almost business-for-business competitors, and they are the most diversified of all the financial services players listed, with operations in 15 lines of business.

Citicorp turns out to be the nation's largest consumer finance company, but Beneficial Corp. — whose principal business is consumer finance — has granted more second mortgage loans than BankAmerica Corp., Household International Inc., and other competitors that revealed their second mortgage outstandings.

The scorecard — again using December 1983 data — also reveals that:

- Prudential Insurance Company of America runs the largest leasing business and the largest commercial finance business of any of the major financial services players. It is also the third largest mortgage lender among the 30 companies that supplied information for the centerfold.
- Citicorp owns more thrift deposits than any other "nonthrift firm," and American Express owns a bigger bank than any other "nonbank firm."
- Merrill Lynch & Co. sells the most individual retire-

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ALSO TODAY

SECURITIES LOOPHOLE: Bankers are counting on a possible loophole in the Glass-Steagall Act to allow them entry to the business of underwriting corporate securities 1

MINNESOTA COMPACT: Minnesota's governor is again preparing a regional interstate banking bill, and the legislature should get it sometime this month 2

INTERNATIONAL BRIEFING: Switzerland's three biggest banks put out a brochure aimed at dispelling what they say are myths concerning the secrecy of the Swiss banking system 2

CONGRESSIONAL ACTION: Bills concerning interstate banking, securities powers, insurance services, and the legality of nonbank banks were introduced in the House as the 99th Congress opened 3

CITIBANK CHALLENGED: An agreement that lets Citibank lease branch space to American International Group, an insurer, has been challenged in court by a group of independent insurance agents 3

POINT-OF-SALE: Mobil Oil Corp.'s point-of-sale system has been so successful in boosting gasoline sales that Mobil is speeding up installation of the program at participating service stations 3

REQUIRED READING: Though certain effective controls will be needed, full interstate banking will be good for the industry, says Martha R. Seger, the newest member of the Fed's board of governors 4

THE BACK PAGE: The controversial nonbank-bank loophole in the Bank Holding Company Act was widely exploited in 1984, and it is expected to be taken up by Congress and the courts in 1985 20

Those Who Look Through Glass-Steagall Darkly See Bank Subsidiaries Underwriting Securities

By BART FRAUST

NEW YORK — About five years ago, a New York bank attorney recalls, a large New York City bank approached his law firm with a plan to exploit a section in federal banking statutes that it believed would enable it to underwrite corporate securities — taboo to banks since the Great Depression.

News Analysis

Under that proposal, the securities activity would be housed in a nonbank subsidiary that is "engaged principally" in another business.

"We were basically told by the Federal Reserve to go stuff ourselves," the attorney says.

Now Citicorp has filed an application with the Federal Reserve Board seeking to take advantage of that same loophole to engage in a wide range of securities activities, including the underwriting of corporate debt securities. In addition, the Bankers Trust New York Corp. said last week it will file an application with the Fed to house its commercial paper business in an existing nonbank subsidiary.

However, it is uncertain whether the Fed this time will "stuff" these applications, and the banks are given at least an outside chance of success. In any event, approval by the Fed will likely lead to litigation by the securities industry.

"This is a very restricted reading of the statutes, and I doubt the courts will ultimately support it," says Sam Scott Miller, general counsel to Paine Webber Inc., a New York-based securities company.

"On the face of it, the argument looks sound," says one bank attorney who expects the Fed to be sympathetic.

To another observer, though, the issue will not concern a reading of Congress' intention in 1933, but the Fed's position in 1985.

"The Bank Holding Company Act gives the Fed enormous discretion to do what it wants," says a New York bank attorney. "If this thing is lost, it will be lost as a policy matter at the Fed rather than because of the language of the law."

Traditionally, it has been feared that bank underwriting of corporate securities leads to unsound corporate lending practices. In addition, the securities industry has maintained that bank securities affiliations were a major cause of the stock market crash of 1929.

Michael Bradfield, general counsel to the Federal Reserve Board, declined to discuss the Citicorp and Bankers Trust applications. In its most recent decision affecting banks' entry into the securities industry, the Fed allowed the Security Pacific Corp. to acquire Duff & Phelps Inc. of Chicago, provided that Duff & Phelps sells off its credit-rating services, one of the company's principal lines of business.

At issue in the Citicorp and Bankers Trust applications is Section 20 of the Glass-Steagall Act, a 1933 statute that separates commercial from investment banking:

"After one year from the date of the enactment of this act, no member bank shall be affiliated in any manner described in section 2(b) hereof with any corporation, association, business trust, or other similar organization engaged principally in the issue, flotation, underwriting, public sale, or distribution at wholesale or retail or through syndicate participation of stocks, bonds, debentures, notes, or other securities."

To the layman, the section seems intended to prohibit bank underwriting through affiliates, but to Citicorp and Bankers Trust, the key words are "engaged principally." Citicorp's lawyers have judged the words to mean that the activities in question represent 20% or less of the subsidiary's business.

Banking and securities lawyers have known about Section 20 for years, but they note a number of factors in the last few years that have made the environment more congenial to applications such as Citicorp's:

- General acknowledgment that some sections of federal banking law are outdated and do not address the current competitive environment.
- More sympathetic regulators, particularly given the securities industry's inroads into banking.
- The growth of the separate subsidiary idea. The Treasury Department has proposed expanding the powers of banks through separate units and thus,

Loophole: Page 18

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Financial Scorecard . . .

Continued from Page 1

ment, Keogh, and other consumer retirement accounts. (There isn't a bank or thrift in the top five competitors for this line of business and there are nine banking companies on the list.)

• Aetna Life and Casualty has almost triple the assets under discretionary management of Citicorp.

• Sears has more offices than Citicorp and American Express combined.

• American Express has offices in almost twice as many countries as Chase Manhattan Corp. or BankAmerica Corp.

• Prudential would have been the fourth largest consumer lender on the scorecard if policyholder loans counted as consumer loans. The Pru has more than $4.8 billion in policyholder loans outstanding, more than any other participant.

Although least common denominators are difficult to find and categories of comparison cannot be hard and fast, the evolution of a new financial services industry has underscored the need for some means of comparison among the different players.

Data supplied for the scorecard highlight this evolution and show how each competitor stands in categories ranging from total assets to cash management-type accounts, individual retirement accounts, residential mortgages, lease assets, commercial and consumer finance receivables.

Brokers supplied data about their banks; bankers about their brokerage operations; thrifts about their insurance activities; finance companies about their leasing operations; insurers about their mortgage loan oustandings.

The Big Winners: American Express Co. and Prudential Insurance Company of America are tied for first place as the financial services companies that are in the most lines of business. They both own banks. Neither owns a thrift. They both own full-service stock brokerage operations. Neither owns a consumer finance company, and Amexco doesn't own a commercial finance company. And they compete against each other to a greater degree than against any other company on the list.

One notch behind Prudential and Amexco is Sears, Roebuck and Co., because it reported no leasing operations which the other two have. In terms of different lines of business among these three, Sears owns a thrift while Pru and Amexco own banks.

Sharing second place with Sears are BankAmerica Corp., Beneficial Corp., and Great Western Financial Corp., all of which scored the same even though their principal businesses are different and their subsidiary lines of business vary widely.

In third place are Merrill Lynch & Co., Citicorp, Household International Inc., and Transamerica Corp. In fourth are the E.F. Hutton Group, H.F.Ahmanson Co., and Security Pacific Corp.

Tied for fifth place are almost all the rest of the bank holding companies on the scorecard — Chemical New York Corp., Continental Illinois Corp., First Interstate Bancorp, Manufacturers Hanover Corp. And these are joined by John Hancock Mutual Life Insurance Co.

BankAmerica Corp. edged past Citicorp by supplying information about its credit life insurance. Citicorp and other banking firms that participated assumed that questions about life insurance meant anything but credit life which is the only kind they are permitted to sell. Citicorp would have ranked among the top group if it had listed data for its credit life activities as BankAmerica did.

Bank Assets Are Biggest: Although the banking industry is not as diversified as some others on the scorecard, the banks win in terms of asset accumulation. For all their talk about being at a competitive disadvantage in the current financial services war, two bank holding companies turned out to be the largest financial services firms by assets. These are Citicorp and BankAmerica Corp. which, respectively, held assets of $134.7 billion and $121.2 billion at yearend 1983.

While most of these assets are in the form of loans and could not be used to enter new business lines, it is clear that the banking industry holds the most financial clout among these 30 major players.

Prudential Insurance Co. of America, with $84.7 billion in assets, is third largest, followed by two other banking firms, Chase Manhattan Corp. and Manufacturers Hanover Corp.

Sears Earns Most Money: But, although the banking firms on the scorecard are bigger, Sears, Roebuck and Co. earned the most money — judged by net income — of all the 30 firms, some $1.3 billion in 1983. Sears' income reflects all of its business lines, not just the financial services.

Citicorp — despite the fact that it cannot yet sell insurance — managed to earn $860 million for the year, making it second in earnings among those of the 30 competitors that supplied this information. Cigna, which insisted that its entry on the scorecard read "Cigna companies," earned $535 million, while the giant American Express Co. earned $515 million, and Chase Manhattan Bank rounded out the five largest earners with $429.6 million in 1983 net income.

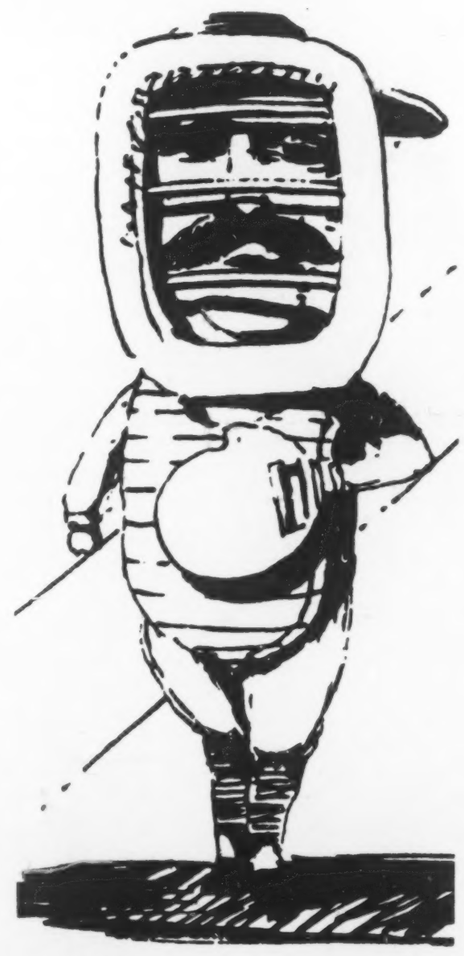
Sears Reaches Farthest: Not only did Sears earn more than the other 29 competitors, but Sears also reported almost triple the number of offices of Citicorp — the company with the second largest office network.

Counting the offices of Allstate Insurance, Dean Witter Reynolds brokerage, and Coldwell Banker real estate, as well as catalog and retail stores, Sears has more than 7,000 outlets. And they could all eventually be used to sell financial services if the Sears Financial Network is any indication of the company's strategy. It is through this network of centers in some of its 813 retail stores that the giant conglomerate has already started offering brokerage, insurance, and real estate services.

Leave Home Without It: Sears might have the widest reach in terms of offices, but American Express Co. is located in more countries worldwide than any of the other players on the scorecard. With representation in 130 countries, Amexco tops the list of competitors with the broadest reach, winning over the second-place Transamerica Corp. by 30 countries.

Amexco's wider geographic reach results from its need to keep close to traveling sophisticates and businespeople who are its bread and butter.

Banks, too, must maintain offices in many countries in order to drum up loan business and keep tabs on borrowers. So it is no surprise that Citicorp, with offices in 95 countries, BankAmerica Corp., in 76, and Chase Manhattan Corp., in 74, follow closely behind Amexco and Transamerica.



Nonbank Banks, Nonthrift Thrifts: Among those financial services players which are not chartered as bank holding companies, American Express owns the most bank deposits, $10.5 billion, due to the American Express Bank and the Trade Development Bank, both overseas subsidiaries of the American Express International Banking Corp.

Among those financial services firms that are not chartered as thrift holding companies, Citicorp has the most thrift deposits — an estimated $7 billion scattered among the three major thrifts

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Agents . . .

Continued from Page 3

Under the lease with Citibank, Mr. Cleary said, AILife reportedly will pay the bank either a flat fee or a percentage of insurance sales, whichever is greater.

"If the rent goes up with volume of sales, there's a financial nexus between the bank and the insurer in which the latter is sharing commissions with the bank," he said.

Also, Citibank customers who buy AILife insurance reportedly can have premiums automatically deducted from their bank accounts, Mr. Cleary said. "That's something of value offered to customers that isn't in the insurance policy."

AILife began selling insurance in two Citibank branches last August. BRACE unsuccessfully asked the insurance department for a copy of the Citibank/AILife lease at the end of September and again in October before filing its suit.

The agents' request was denied, said Paul Altruda, an attorney with the insurance department, because in filing its arrangement with Citibank, AILife asked that its lease be treated "as a trade secret."

According to insurance regulations, material described as a trade secret is automatically segregated, Mr. Altruda said. If a third party asks to see it, the department examines it and makes its own determination as to whether the trade secret claim is valid.

"If we decide it isn't, there's a 10-day wait to allow the filing party to sue to restrain us from releasing it," he explained. "But in this case, we upheld AILife's claim that this is a trade secret."

Meanwhile, independently of the agents' request and subsequent lawsuit, Mr. Altruda said, the insurance department has conducted its own examination of the Citibank/AILife arrangement.

That examination, a department spokesman explained, was prompted by Citibank mailings and brochures that presented the bank as offering insurance. "We haven't reached a formal finding on that examination," he said. "Investigation is probably too strong a word."

The spokesman added that space leasing arrangements are legal in New York. As simple real estate transactions, they do not have to be approved by the department, he said. Some insurers, of which the American International Group is one, have informed the department "as a courtesy" when they agree to lease bank space.

"We recognize that this is a growing trend," he said. "And [New York Gov. Mario] Cuomo has proposed legislation that would allow banks much broader insurance powers in the state. Meanwhile, we are enforcing current regulations. Our principal concern is that a bank not act as agent or solicitor for insurance. We have to maintain a clear separation between banking and insurance until the game is changed."

The spokesman added that if the department found any lease agreement between a bank and an insurer in violation of existing law, "we'd take action." No such action has been taken against Citibank and American International Group, he said. ■

Marshall County Bank and Trust Company
Plymouth, Indiana

has merged with

Bremen State Bank
Bremen, Indiana

The undersigned acted as consultant to both parties in this transaction.

GOLEMBE

Golembe Associates, Inc.
Washington, D.C.

November 1984

Financial Scorecard . . .

Continued from Page 6

it owns around the country as well as some industrial thrifts and thrift and loans run by its consumer finance arm. Not bad for a bank holding company.

Since the scorecard uses yearend 1983 data, it does not include any nonbank banks or nonthrift thrifts purchased during 1984 by nonbanking firms such as Merrill Lynch and E.F. Hutton. A nonbank bank is an entity that avoids the Bank Holding Company Act definition of a bank by either making commercial loans or accepting demand deposits. According to that act, a bank does both. (Nonthrift thrifts are, like Citicorp's, thrifts that are owned by something other than thrift holding companies.)

Banks Lend Most: With more assets than any other industry represented on the scorecard, one would expect the banking industry to have the most commercial loans outstanding. This is true. Citicorp is first, BankAmerica second , and Chase is third.

But between third-placed Chase and fifth-placed Manufacturers Hanover Corp. is a nonbanking company, Prudential Insurance, which currently has $29.8 billion worth of commercial loans outstanding due to its venture capital, commercial paper, and other subsidiary endeavors. (Prudential data also include information from Prudential-Bache Securities Inc., a principal subsidiary.)

It is possible that a nonbank may actually top the list in terms of commercial lending volume, but that cannot be determined because Merrill Lynch and Transamerica Corp didn't supply data. Merrill, it is widely known, does a thriving business as a commercial bank under the charter of a securities firm.

The IRA Market: Merrill also does a thriving business as a retail bank, having sold the most individual retirement, Keogh, and other consumer retirement accounts of any competitor that supplied this information. Fidelity Investments, Dreyfus Corp., Household International, and John Hancock Mutual Life Insurance Co. did not provide these data.

Nonetheless, the fierce competition faced by banks and thrifts from nonbanks for individual retirement accounts is obvious when one examines the listing: There isn't a bank or thrift in the top five in terms of consumer retirement assets. Of the 25 firms supplying data for this category, Merrill Lynch is first, Sears is second, T. Rowe Price Associates is third, Prudential is fourth, and Kemper Corp. is fifth.

BankAmerica comes in seventh, following Metropolitan Life Insurance Co., and it is the only banking company in the top 10 for this category, which combines the assets of IRA, Keogh, and other consumer retirement accounts.

A Loan by Any Other Name: The banks might be losers when it comes to IRAs and Keoghs but Citicorp is the winner in terms of consumer loans, with more than $28.9 billion outstanding — almost three times the figure given for the second-place BankAmerica Corp.

Between them, Prudential, Metropolitan Life, and John Hancock Mutual Life Insurance Co. made nearly $10 billion in policyholder loans during 1983, nearly equal to what BankAmerica made in consumer loans that year. (John Hancock was the only firm that refused to supply data for its total operation, providing information only for its mutual life insurance company.)

Not bad for an industry that isn't chartered to make consumer loans.

And the mighty Sears had about $11 billion in credit card outstandings on Dec. 31, 1983. And that doesn't count Dean Witter's margin loans, Allstate's policyholder loans, or other credit-generating activities of Allstate Enterprises.

A Trust Department by Another Name: In terms of assets under discretionary management — where the customer gives the intermediary the authority to do the investing — it could be expected that a banking company would lead the roster, but that's not the case.

Of the 26 firms supplying data for this category, Aetna Life and Casualty holds the largest share of assets under discretionary management.

American Express is second, and two

➳ **Financial Scorecard: Page 13**

Renaissance Center, Detroit

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Required Reading

Continued from Page 4

tween firms operating in different geographic markets.

Therefore, if the Congress wants to maintain the historically low degree of nationwide banking concentration, interstate banking legislation should be accompanied by some restriction on large interstate bank mergers and acquisitions. There are many ways that interstate banking legislation could incorporate concentration limitations. We have studied many possible formulas, such as prohibiting mergers among the 100 largest firms.

A simple system based on the size of the acquiring firm would seem best. Nearly all banks not competing in the same markets would be free to merge interstate without limitations. The largest banks, however, would face increasingly severe size restrictions on their acquisitions as their share of nationwide banking assets increased.

To be sure, it seems clear that due regard will have to be paid to the increasing competition banks face from other depository and nondepository financial institutions. Regardless of the specifics of the plan, I would hope that some fair and workable system for maintaining a deconcentrated financial system would be developed by the Congress. ■